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September 10, 2008

TO: Supervisor Yvonne B Burke, Chair
Supervisor Gloria Molina
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Supervisor Don Knabe
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FROM: Wendy L. Watanabe *Wendy L. Watanabe*
Acting Auditor-Controller

SUBJECT: **CAREER PLANNING CENTER, INC. CONTRACT REVIEW – A
COMMUNITY AND SENIOR SERVICES WORKFORCE INVESTMENT
ACT PROGRAM PROVIDER – FISCAL YEAR 2007-08**

We completed a program, fiscal and administrative contract compliance review of Career Planning Center, Inc. (CPC or Agency), a Community and Senior Services (CSS) Workforce Investment Act (WIA) Program provider.

Background

CSS contracts with CPC, a private non-profit organization to provide and operate the WIA Adult and Dislocated Worker Programs. The WIA Adult and Dislocated Worker Programs assist individuals obtain employment, retain their jobs and increase their earnings. CPC's offices are located in the Second, Third and Fourth Districts.

CPC is compensated on a cost reimbursement basis and has a contract for \$450,597 for Fiscal Year (FY) 2007-08.

Purpose/Methodology

The purpose of the review was to determine whether CPC complied with its contract terms and appropriately accounted for and spent WIA funds in providing services outlined in their County contract. We also evaluated the adequacy of the Agency's

accounting records, internal controls and compliance with federal, State and County guidelines. In addition, we interviewed a number of the Agency's staff and clients.

Results of Review

Generally, CPC provided the program services to eligible participants and maintained sufficient internal controls over its business operations. In addition, CPC met the FY 2007-08 second quarter planned performance measures outlined in the County contract. However, CPC's operational Memorandum of Understandings (MOU) with 18 partnering agencies were not in compliance with WIA guidelines. For example, the Agency's MOUs were not signed by 18 (95%) of the 19 partnering agencies and did not adequately identify the methods of referral between programs, the specific services provided by each partner, and the MOU modification process and/or funding arrangements, otherwise known as the Resource Sharing Agreement (RSA).

Details of our review, along with recommendations for corrective action, are attached.

Review of Report

We discussed our report with CPC and CSS on July 28, 2008. In their attached response, CPC concurred with our findings and recommendations.

We thank CPC for their cooperation and assistance during this review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1102.

WLW:MMO:DC

Attachment

- c: William T Fujioka, Chief Executive Officer
- Cynthia Banks, Director, Department of Community and Senior Services
- Claudia Finkel, Chief Operating Officer, Career Planning Center, Inc.
- Sunny Caine, Board of Directors Chairperson, Career Planning Center, Inc.
- Public Information Office
- Audit Committee

**WORKFORCE INVESTMENT ACT PROGRAM
CAREER PLANNING CENTER, INC.
FISCAL YEAR 2007-08**

ELIGIBILITY

Objective

Determine whether Career Planning Center, Inc. (CPC or Agency) provided services to individuals that meet the eligibility requirements of the Workforce Investment Act (WIA).

Verification

We reviewed the case files for 20 (30%) of the 66 participants that received services from July 2007 through February 2008 for documentation to confirm their eligibility for WIA services.

Results

All 20 participants met the eligibility requirements for the WIA programs.

Recommendation

There are no recommendations for this section.

BILLED SERVICES/CLIENT VERIFICATION

Objective

Determine whether CPC provided the services in accordance with the County contract and WIA guidelines. In addition, determine whether the participants received the billed services.

Verification

We reviewed the documentation contained in the case files for 20 (30%) participants that received services during July 2007 through February 2008. We also interviewed twelve participants.

Results

The twelve participants interviewed stated that the services they received met their expectations. In addition, CPC provided the services in accordance with the County contract and WIA guidelines.

Recommendation

There are no recommendations for this section.

PERFORMANCE OUTCOMES

Objective

Determine whether CPC met the planned performance measures as outlined in the County contract and accurately reported the performance outcomes to the Workforce Investment Board (WIB).

Verification

We compared the reported Fiscal Year (FY) 2007-08 actual performance outcomes for the second quarter to the planned performance measures outlined in the County contract and to the program activities reported on the Job Training Automation (JTA) system. In addition, we reviewed the documentation contained in the case files for ten Adult and ten Dislocated Worker participants reported as having exited the program, completed training and/or placed in employment during the first two quarters of FY 2007-08.

Results

CPC's FY 2007-08 second quarter actual performance outcomes were accurately reported to the WIB and the case files contained documentation to support the program activities reported on the JTA system. In addition, CPC met the FY 2007-08 second quarter planned performance measures outlined in the County contract.

Recommendation

There are no recommendations for this section.

CASH/REVENUE

Objective

Determine whether cash receipts and revenue are properly recorded in the Agency's records and deposited timely in their bank account. In addition, determine whether there are adequate controls over cash, petty cash and other liquid assets.

Verification

We interviewed Agency personnel and reviewed financial records. We also reviewed the Agency's January 2008 bank reconciliation.

Results

CPC maintained adequate controls to ensure that revenue was properly recorded and deposited in a timely manner.

Recommendation

There are no recommendations for this section.

EXPENDITURES/PROCUREMENT

Objective

Determine whether program related expenditures are allowable under the County contract, properly documented and accurately billed.

Verification

We interviewed Agency personnel, reviewed financial records and reviewed documentation to support 58 non-payroll expenditure transactions billed by the Agency for July and November 2007, totaling \$31,059.

Results

Generally, CPC's expenditures were allowable, properly documented and accurately billed.

Recommendation

There are no recommendations for this section.

ADMINISTRATIVE CONTROLS/CONTRACT COMPLIANCE

Objective

Determine whether the Agency maintained sufficient internal controls over its business operations. In addition, determine whether the Agency is in compliance with other program and administrative requirements.

Verification

We interviewed Agency personnel, reviewed their policies and procedures manuals, conducted an on-site visit and tested transactions in various non-cash areas such as expenditures, payroll and personnel.

Results

CPC maintained sufficient internal controls over its business operations and complied with other program and administrative requirements.

Recommendation

There are no recommendations for this section.

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether CPC's fixed assets and equipment purchases made with WIA funds are used for the WIA programs and are safeguarded.

Verification

We interviewed Agency personnel and reviewed the Agency's fixed assets and equipment inventory listing. In addition, we performed an inventory and reviewed the usage of all 14 (100%) items purchased with WIA funds, totaling \$17,857.

Results

CPC used the equipment purchased with WIA funds for the WIA programs and the assets were safeguarded.

Recommendation

There are no recommendations for this section.

PAYROLL AND PERSONNEL**Objective**

Determine whether payroll expenditures were appropriately charged to the WIA programs. In addition, determine whether personnel files are maintained as required.

Verification

We traced the payroll expenditures invoiced for 16 employees totaling \$15,002 for November 2007 to the Agency's payroll records and time reports. We also interviewed one employee and reviewed personnel files for five employees assigned to the WIA programs.

Results

CPC appropriately charged payroll expenditures to the WIA programs. In addition, CPC's personnel files were properly maintained.

Recommendation

There are no recommendations for this section.

COST ALLOCATION PLAN/MEMORANDUM OF UNDERSTANDING**Objective**

Determine whether CPC's Cost Allocation Plan and operational Memorandum of Understanding (MOU) were prepared in compliance with WIA and County contract requirements. In addition, determine whether the Agency used the plan and MOUs to appropriately allocate shared program expenditures. CPC is a One-Stop Center required to have MOUs with all partnering agencies. WIA guidelines require One-Stop lead agencies to establish an operational MOU with all partnering agencies participating in providing services through the One-Stop Center.

Verification

We reviewed the Cost Allocation Plan and the operational MOUs, and reviewed a sample of expenditures incurred by the Agency in July and November 2007 to ensure that the expenditures were properly allocated to the Agency's programs.

Results

CPC's Cost Allocation Plan and the operational MOU were not in compliance with WIA guidelines. For example, the Agency's Cost Allocation plan did not identify a list of all costs that are billable to the WIA programs or a summary schedule showing the allocations of each cost to benefitted agencies as required. In addition, the Agency's MOUs were not signed by 18 (95%) of the 19 partnering agencies and did not adequately identify the referral method between programs, the specific services provided by each partner, and the MOU modification process and/or funding arrangements, otherwise known as the Resource Sharing Agreement (RSA). As such, we could not determine whether CPC appropriately applied the RSA to their shared program expenditures.

Subsequent to our review, CPC provided a revised Cost Allocation Plan.

Recommendations**CPC management:**

1. Establish WIA compliant operational MOUs with partnering agencies participating in providing services through the One-Stop Center as required.

2. Ensure that shared expenditures are appropriately allocated according to the revised Cost Allocation Plan and RSAs established within the MOUs.

CLOSE-OUT REVIEW

Objective

Determine whether the Agency's FY 2006-07 final close-out invoices for the WIA Adult and Dislocated Worker programs reconciled to the Agency's financial accounting records.

Verification

We traced the Agency's FY 2006-07 general ledgers to the Agency's final close-out invoices for FY 2006-07. We also reviewed a sample of expenditures incurred in April, May and June 2007.

Results

CPC's final close-out invoices reconciled to the Agency's financial records.

Recommendation

There are no recommendations for this section.

PRIOR YEAR FOLLOW-UP

Objective

Determine the status of the recommendations reported in the prior monitoring review completed by the Auditor-Controller.

Verification

We verified whether the outstanding recommendations from FY 2006-07 monitoring review were implemented. The report was issued on November 9, 2007.

Results

The prior year's monitoring report contained eight recommendations. CPC implemented all eight recommendations.

Recommendation

There are no recommendations for this section.



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